

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0126-01
Bill No.: HJR 3
Subject: Constitutional Amendments; Taxation and Revenue - Property; Military Affairs
Type: Original
Date: February 18, 2013

Bill Summary: This legislation proposes a constitutional amendment to exempt from taxation certain personal property owned by active duty military personnel.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$0 or (More than \$7,100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$0 or (More than \$7,100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Blind Pension Fund	\$0	\$0	\$0 or (Less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0 or (Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0 or (More than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

According to the **Office of Secretary of State - Division of Elections (SOS)**, each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2, RSMo, requires the state to pay the costs. The cost of the special election has been estimated to be \$7.1 million based on the cost of the 2012 Presidential Preference Primary.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Sections 116.230 - 116.290, RSMo. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were five statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue). Therefore, the SOS assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, SOS reserves the right to request funding to meet the cost of publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of the SOS appropriation.

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2014. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in November 2014 (FY 2015); however, it could also be on a special election called for by the Governor.

LMD:LR:OD

ASSUMPTION (continued)

Officials from the **Platte County Board of Elections** state there would be no direct costs to the Platte County Board of Elections. However, there would be costs for an election for any entity conducting an election. Costs per General election would range from \$50,000 to \$60,000, depending upon the number of other participants involved in any specific election, as costs would be pro-rated based upon the number of registered voters within each district.

Officials from **St. Louis County** assume there would be a minimal fiscal impact due to loss of personal property tax revenue.

Oversight notes the legislation would propose a constitutional amendment to be submitted to the voters. Oversight assumes the amendment would likely be voted on at the November 2014 general election and be effective for calendar 2015, if approved. Therefore, this could reduce personal property tax receipts in December 2015, or FY 2016. An exemption from taxation and resulting revenue loss to the state and local taxing authorities would result from passage of the constitutional amendment. Oversight will indicate a loss of tax revenue of \$0 or (More than \$100,000) to Local Governments and (Less than \$100,000) to the Blind Pension Fund.

Officials from the **Department of Revenue, Department of Public Safety - Missouri National Guard, Kansas City Board of Elections**, and the **State Tax Commission** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Transfer Out</u> - Office of the Secretary of State - Reimbursement of local election authorities for election costs if a special election is called	\$0 or (More than <u>\$7,100,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (More than <u>\$7,100,000</u>)	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2014 (10 Mo.)	FY 2015	FY 2016
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BLIND PENSION FUND

<u>Revenue reduction</u> - Personal property tax exemption	<u>\$0</u>	<u>\$0</u>	\$0 or (Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Less than \$100,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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LOCAL POLITICAL SUBDIVISIONS

<u>Transfer In</u> - Local election authorities - Reimbursement of election costs	\$0 or More than <u>\$7,100,000</u>	<u>\$0</u>	<u>\$0</u>
<u>Cost</u> - Local election authorities - election costs	\$0 or (More than <u>\$7,100,000</u>)	<u>\$0</u>	<u>\$0</u>
<u>Revenue reduction</u> - Cities and Counties - Personal property tax exemption	<u>\$0</u>	<u>\$0</u>	\$0 or (More than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (More than \$100,000)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Upon voter approval, this proposed constitutional amendment authorizes an exemption from property tax for an active-duty, military person's personal property that is not in use while he or she is stationed outside the country.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Secretary of State
 Division of Elections
Department of Revenue
State Tax Commission
Department of Public Safety
 Missouri National Guard
Counties
 St. Louis County
Local Election Boards
 Platte County Board of Election Commissioners
 Kansas City Election Board



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